

ALIGNMENT OF PERFORMANCE MEASURES FOR 2017 INCENTIVES AND INFLIGHT LONG-TERM INCENTIVES WITH UNILEVER'S PLANS FOR ACCELERATED SUSTAINABLE SHAREHOLDER VALUE CREATION

On 6 April 2017 Unilever announced stepped up plans for shareholder value creation, which included:

- i. acceleration of Connected for Growth and
- ii. a change to the non-GAAP performance measures from Core Operating Margin (COM) to Underlying Operating Margin (UOM) and from Core Earnings per Share to Underlying Earnings per Share (UEPS) and
- iii. the intent to maintain our targeted leverage level through periodic returns of capital through share buy-backs and or special dividends, subject to M&A activity. A share buyback programme of €5billion commenced on 18 May 2017.

Following the announcement of these plans, the Compensation Committee has aligned the EPS and Operating Margin measures within the annual bonus and long term incentives with the new strategic imperatives. These measures will therefore be assessed on an underlying basis (i.e. UEPS and UOM) within the relevant periods for 2015, 2016, and 2017 GSIP and MCIP awards. This fully aligns participants immediately with the new strategy for value creation. The Committee assesses that on an underlying basis the stretch within the respective EPS and Operating Margin measures is as demanding or more than originally set. These changes are summarized below:

1. **For Annual Bonus (2017):** COM will be amended to UOM to fully align with the way we measure in-year business performance.
2. **For 2017-2019 Global Share Incentive Plan (GSIP):** align COM to UOM.
3. **For 2017-2020 Management Co-Investment Plan (MCIP):** align Core EPS growth to UEPS growth with a threshold raised from 5% to 7% compound annual growth rate (CAGR) (for zero vesting) with a higher maximum: raised from 10% to 13% CAGR (for 200% vesting). Note that for Executive Directors the vesting is capped at 150%.
4. **For inflight (legacy) 2015-2017 & 2016-2018 GSIP/MCIP awards:** to reflect the implications of the alignment to the Non-GAAP margin measure from COM to UOM:
 - a. retain the 2015-16 reported measure as COM and align the 2017-18 measure to UOM to align with the way we report externally
 - b. Change the COM Improvement terminology for these awards to Margin Improvement to reflect the combination of COM and UOM being used
 - c. Adjust the Margin Improvement range of 2015-17 and 2016-18 GSIP/MCIP awards from +20bps to +80bps (GSIP/MCIP 2015-2017) and from +30bps to +110bps (GSIP/MCIP 2016-2018) to reflect the change for 2017 and 2018 to UOM.

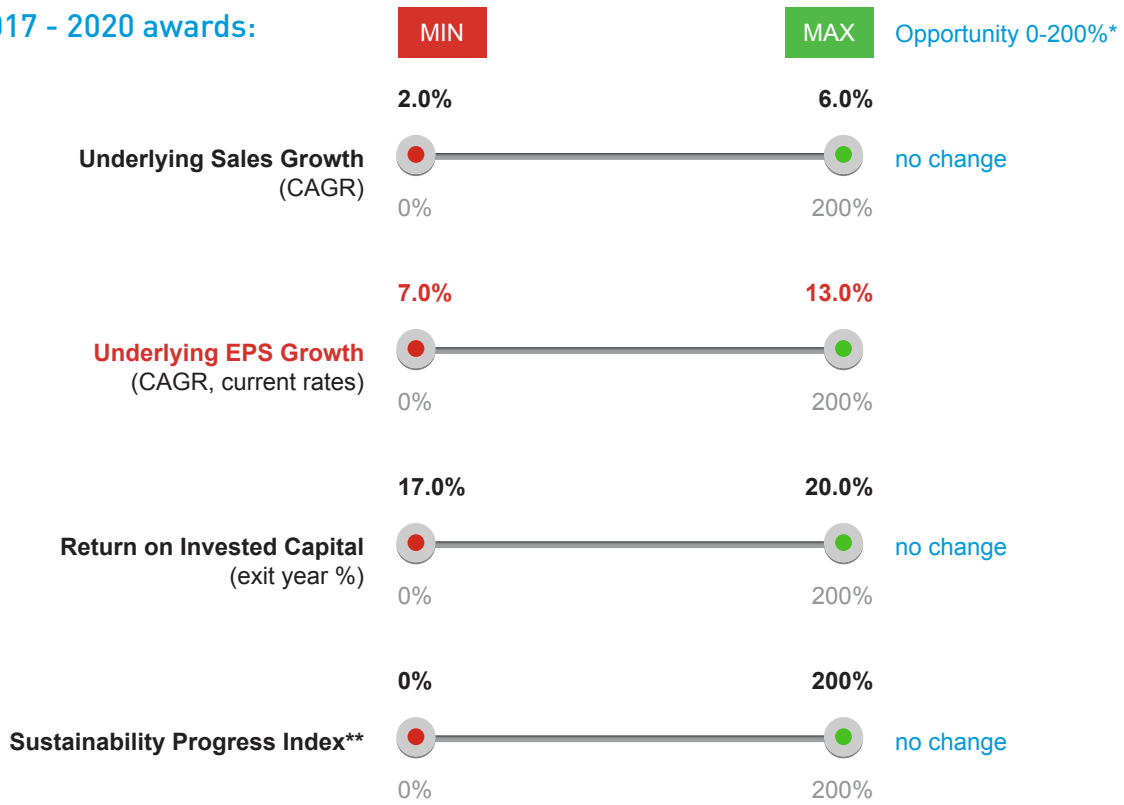
The weighting of the performance measures for each of these incentives remains unchanged. The amended incentive performance measures that will apply to the 2017 Annual Bonus, 2017 – 2020 MCIP awards, 2017-2019 GSIP awards and the inflight 2015-2017 and 2016-2018 GSIP/MCIP awards are set out below.

ANNUAL BONUS - performance measures	Weight
Underlying Sales Growth (USG) (no change)	33%
Underlying Operating Margin Improvement (UOM) (previously: Core Operating Margin Improvement)	33%
Free Cash Flow (FCF) (no change)	33%

Performance target ranges for the Annual Bonus are considered to be commercially sensitive and will be disclosed in full in the 2017 DRR.

2017-20 MCIP

MCIP 2017 - 2020 awards:

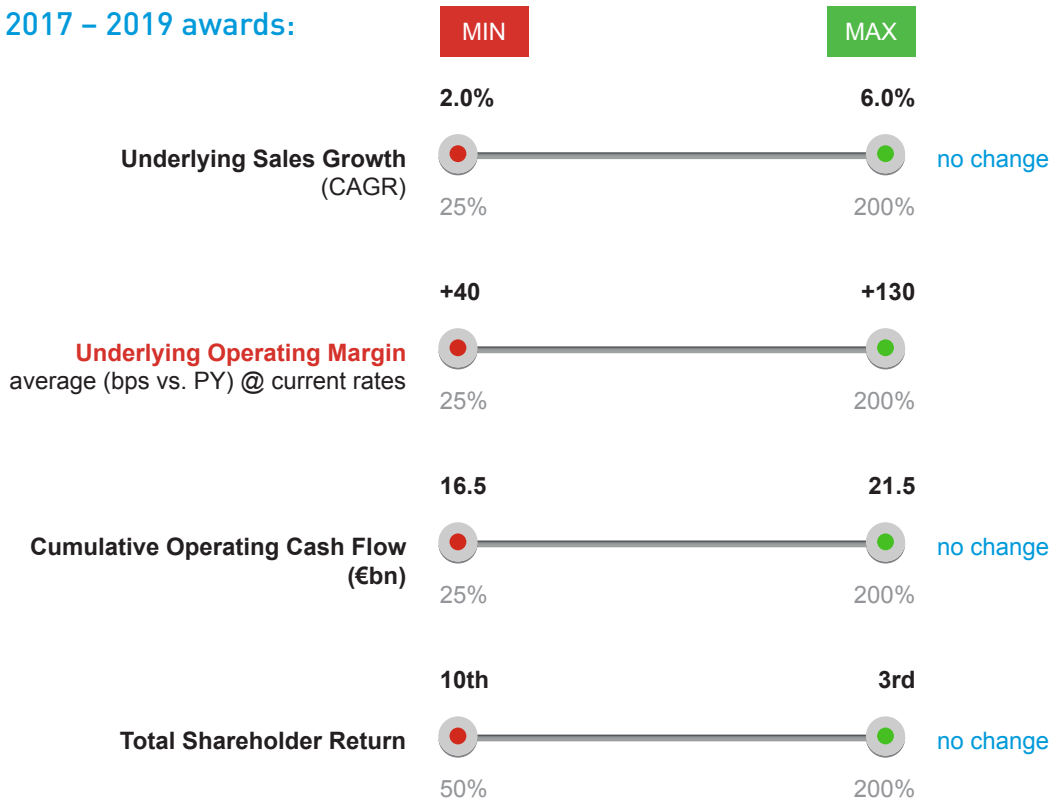


* Please note: for Executive Directors only, the maximum outcome is capped at 1.5x matching, not 2

** Board Assessment of USLP Progress

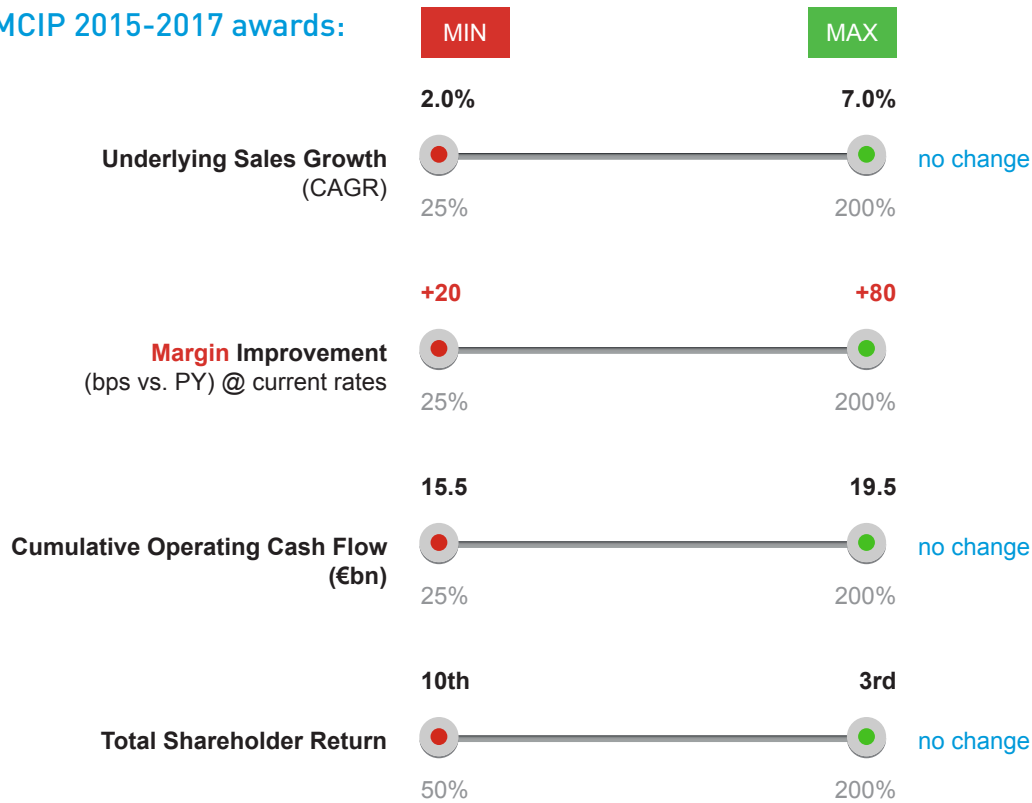
2017-19 GSIP

GSIP 2017 - 2019 awards:



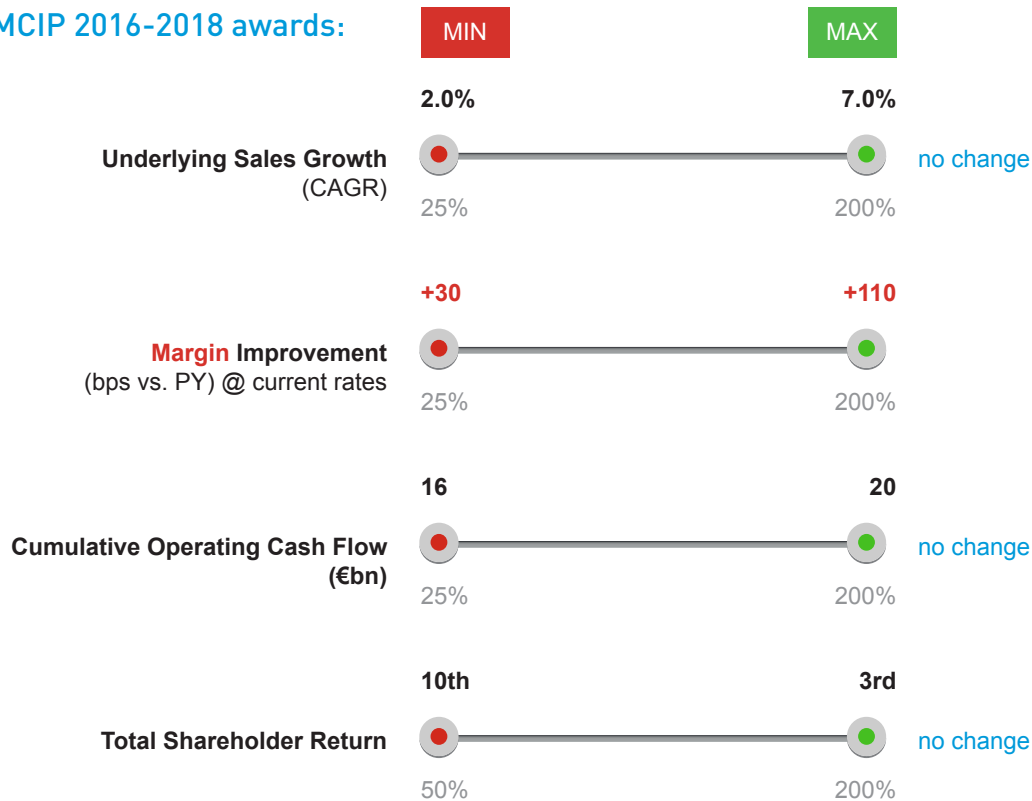
2015-17 GSIP/MCIP

GSIP/MCIP 2015-2017 awards:



2016-18 GSIP/MCIP*

GSIP/MCIP 2016-2018 awards:



*This chart restates the GSIP/MCIP tables on page 70 of the Directors' Remuneration Report 2016 which contained incorrectly stated performance ranges.

18 July, 2017

Ann Fudge, Chair of the Compensation Committee